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FISCAL IMPACT STATEMENT

LS 6946

BILL NUMBER: HB 1342

NOTE PREPARED: Jan 12, 2008

BILL AMENDED:

SUBJECT: Electronic Health Records System.

FIRST AUTHOR: Rep. Ripley

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & local

Summary of Legislation: This bill requires health providers to, not later than January 1, 2010, use an electronic health records system that meets certain requirements for purposes of billing and receipt of claim payment for services rendered by the health provider.

Effective Date: July 1, 2008.

Explanation of State Expenditures: As a condition for licensure, this bill would require hospitals, ambulatory outpatient surgical centers, birthing centers, abortion clinics, nursing facilities, intermediate care facilities - mental retardation (ICF/MRs), and certain group homes and residential facilities to submit claims for payment in a specified format and to accept payment electronically. The electronic systems used must meet certain guidelines.

This provision would require the State Department of Health (ISDH) to revise the licensure rules of certain facilities that are licensed by the ISDH. Additionally, the extent to which the electronic billing system meets the specifications for billing and the ability to accept payment electronically would have to be verified during the ISDH-conducted licensure inspections before a license would be issued. Violations of the requirement would be subject to sanctions available to the ISDH that range from issuance of a deficiency letter to license revocation and civil penalties. Violations would increase the number of administrative hearings that must be held and the associated expense. The fiscal impact would depend on administrative actions and the extent to which the affected providers would have the required electronic systems in place by January 1, 2010.

State institutions, while not licensed on the whole by the ISDH, may have dedicated-use units that would fall under the provisions of the bill. The Indiana Veterans' Home is licensed by the ISDH. The extent to which

the bill's facility licensure requirements may affect state-operated institutions is not known.

The Indiana Health Coverage Programs reported that for the last quarter of FY 2007, approximately 11% of non-pharmacy claims were paper claims. These claims did not include claims for risk-based managed care. [Information regarding the types of providers that submit paper claims will be updated when it is received.] It is not known how many Medicaid providers use electronic systems that do not meet the specifications included in the bill.

As a condition for licensure, the bill will also require specific electronic claims submission and payment acceptance by the practitioners licensed by the following professional licensing Boards:

- (1) Board of Chiropractic Examiners;
- (2) State Board of Dentistry;
- (3) Indiana State Board of Health Facility Administrators;
- (4) Medical Licensing Board of Indiana;
- (5) Indiana State Board of Nursing;
- (6) Indiana Optometry Board;
- (7) Indiana Board of Pharmacy;
- (8) Board of Podiatric Medicine;
- (9) Board of Environmental Health Specialists;
- (10) Speech-language Pathology and Audiology Board;
- (11) State Psychology Board;
- (12) Indiana Board of Veterinary Medical Examiners;
- (13) Indiana Physical Therapy Committee;
- (14) Respiratory Care Committee;
- (15) Occupational Therapy Committee;
- (16) Social Worker, Marriage and Family Therapist, and Mental Health Counselor Board;
- (17) Physician Assistant Committee;
- (18) Indiana Athletic Trainers Board;
- (19) Indiana Dietitians Certification Board; and
- (20) Indiana Hypnotist Committee.

This provision would require the Indiana Professional Licensing Agency (IPLA) to revise the licensure rules of the practitioners that are licensed by the affected boards. The bill makes no distinction with regard to the entity that is being billed by a practitioner; a veterinarian would be required to use the same electronic billing system and billing forms as a physician in order to be licensed. Additionally the bill does not specify the services that are to be billed; a practitioner under contract to perform purely administrative functions would be required to bill those services according to the specifications of the bill in order to be licensed. The fiscal impact would depend on administrative actions and the extent to which the affected providers would have the specific required electronic systems in place by January 1, 2010.

Explanation of State Revenues:

Explanation of Local Expenditures: Facilities owned by local units of government would be subject to the provisions of the bill. The fiscal impact would depend on the extent to which any affected providers would be required to acquire a system or revise an existing system to meet the specific requirements by January 1, 2010.

Explanation of Local Revenues:

State Agencies Affected: ISDH, IPLA, and Family and Social Services Administration.

Local Agencies Affected: County-owned hospitals, county-owned nursing facilities or residential facilities.

Information Sources: ISDH, IPLA.

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